

STAND. COM. REP. NO. **2972**

Honolulu, Hawaii

MAR 20 2014

RE: H.B. No. 2169
H.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Tourism, to which was referred H.B.
No. 2169, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TOURISM STIMULUS INCENTIVES,"
begs leave to report as follows:

The purpose and intent of this measure is to provide:

- (1) Qualified employers with a non-refundable income tax credit for a percentage of wages paid to qualified employees for a period after completion of hotel and resort construction or renovation;
- (2) A general excise tax exemption for certain income from construction or renovation of a hotel or resort; and
- (3) A use tax exemption for property, services, and contracting subject to the general excise tax exemption described in paragraph (2).

Your Committee received testimony in support of this measure from the Hawaii Tourism Authority, Hawaii Lodging and Tourism Association, Wyndham Vacation Ownership, and Hawaii Regional Council on Carpenters. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that investing in Hawaii's infrastructure is critical to the State's ability to compete with

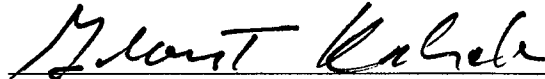


other tourist destinations. Your Committee further finds that encouraging hotel construction and renovation will generate construction and hospitality jobs throughout the State. This measure provides incentives for investment in the future of Hawaii's tourism industry and will revitalize the State's aging hotel properties.

Your Committee notes that there may be a constitutional issue if it is determined that this measure limits contract bids to construction trade unions in Hawaii.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2169, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Tourism,



GILBERT KAHELE, Chair



**Record of Votes
Committee on Tourism
TSM**

*Only one measure per Record of Votes